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SUMMARY

ENTREPRENEURIAL VENTURES AND KNOWLEDGE SPILLOVERS: CASE OF AN INDIAN SOFTWARE CLUSTER

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Principal Topic

Entrepreneurial ventures are often formed in regional contexts, hence clustered in geographical space due to localized social networks, support institutions like universities, VC firms, advice networks, human capital, and the mobility thereof. A prominent factor is the role of knowledge flows and spillovers) which is seen as the most intangible and tacit one and has inspired streams of research in knowledge- and technology-intensive sectors (Audretsch & Keilbach, 2004; Audretsch & Lehmann, 2005). We build on this understanding through an explorative study of knowledge types and spillovers in the role of entrepreneurial venture formation in the Indian software sector. We draw from entrepreneurship and international business literatures to determine the impact on different venture types – new ventures (Yli-Renko, Autio, & Sapienza, 2001) vs. corporate ventures (Wadhwa & Kotha, 2006). We aim to address the research questions 1) *how* knowledge spillovers impact new ventures and 2) *if* and *how* this is moderated by type of knowledge and venture.

Method

To examine these two questions, we use qualitative data from 99 interviews (conducted in an Indian software cluster over 5 years), archival data and literature. In order to delineate the knowledge and its spillover, we divide knowledge into three categories, technical knowledge – to develop applications; project management knowledge – to administer offshore projects; business knowledge – to sell and deploy software application.

Results and Implications

Our findings suggest entrepreneurial ventures benefit from certain spillovers more than from others. Specifically, new ventures lag behind corporate ventures in project management and market knowledge and benefit from clusters compensating lacking capabilities. Technical knowledge is a lesser issue as founders often have technical backgrounds. Mechanisms through which entrepreneurial ventures benefit are labor mobility but also formal and informal networking. Our study contributes to entrepreneurship literature by providing a fine-grained picture of how knowledge spillovers contribute to entrepreneurial venture formation and which knowledge types qualify for spillovers contingent on different venture types. So far our findings show that each venture type creates, shares, and utilizes knowledge in a different manner; various knowledge management systems are used to manage knowledge spillovers within the firms; employee turnover and social networks are used to manage knowledge spillovers across the firms.

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